

Stunning inauguration

Now for a great tournament

BANGLADESH Cricket Board (BCB), the Organising Committee, the government and all those involved in staging the splendid inaugural event, deserve full credit and our sincerest commendation for a job well done. We have, in a dazzling and masterly display of hosting a culturally rich, artistically magnificent and organisationally complex event, welcomed all participating teams to the World Cup and we trust that when they go back home once the tournament draws to an end, they will carry with them fond memories of their stay in Bangladesh.

On Thursday, Bangladesh brought into play the sheer energy and talent which have, despite all the constraints it has faced on various fronts, consistently defined its persona. The opening ceremony of the World Cup was a clear, somber and yet cheerful demonstration of the country presenting a mature, confident face to the outside world. To be sure, we do not mean to sound complacent, but we do feel proud enough to inform ourselves and others that we are now not too far behind other sporting nations of the world in hosting global events. Till now, it has been our enthusiasm that spoke the loudest. But after the Thursday's event, our competence should also have a place of its own. For those who were present at the ceremonies and for those who watched it on television at home, it was a consciousness of the sheer enormity and complexity, not to speak of variety, involved in the organization of the inaugural that gave them a sense of happy surprise. That we are capable of taking upon ourselves gigantic responsibilities and carry them through to fruition in a focused management of logistics was proved definitively on Thursday.

We would like to register our heart-felt appreciation to the Bangladesh Cricket Board and to the ICC on the magnificent display put up in Dhaka on Thursday evening. At the same time, we would like to congratulate the government of Bangladesh, and especially Prime Minister Sheikh Hasina, whose interest in promoting Bangladesh in the global sports arena has always been a pronounced affair. It was a job well done, an event the likes of which can match other global sporting events. It brought the people of Bangladesh together and, with that, it reasserted the special connectivity which binds nations, for all their diversity, through sports.

Manpower export dipping

Early shoring up called for

THE parliamentary committee on planning ministry expressed its concern over dwindling volume of manpower export and a drop in earning from remittances by overseas Bangladeshi workers. Manpower export has declined by 20 percent compared to the level of September, 2010. As many as 41,220 migrant workers returned home after job losses. The list of returnees is only lengthening without commensurate breaking of any new ground in terms of either rehabilitating them or sending out fresh hands.

Most countries in the Middle East and Southeast Asia are coming out of the effects of worldwide recession. But this is yet to positively impact on demand generation in those countries for importing manpower, especially in the construction and service sectors. Against this backdrop, the manpower and expatriate welfare ministry faced the dual challenge of stemming the tide of job losses, shortening of contract periods or the tendency on the part of the employers not to renew service contract on the one hand and of exploring new markets for manpower export on the other. We were given to understand that both the tasks are being undertaken but seemingly without much of a success.

The standing committee has blamed flawed policies of the expatriate welfare ministry and the laid-back attitude of our missions for the declining trends. Of particular significance is the sharp criticism made of the performance of the expatriate welfare and overseas employment ministry. Especially significant is the pointer made to overseas visits by ministers and other government functionaries which have been drawing a blank.

Along with damage control, let us concentrate on a massive skill development programme based on analysis of the requirements, potential or real, of manpower in importing countries. Furthermore, we will have to cut down on the cut-throat cost of obtaining work permit and the associated travel. In this context regulatory steps

Economy on the wrong foot?

M. SHAHIDUL ISLAM

THE bubble in the Bangladesh stock markets has apparently burst, commodity prices are skyrocketing, remittance flows have decelerated, supply-side constraints such as energy and power show no signs of abating and the deficit in infrastructure continues to mount.

What has gone wrong? Let us begin with the ongoing crisis in the country's stock market. The volatilities in the equity markets are a common phenomenon across the world. However, what separates the Bangladesh stock markets from the rest is the unusual trends of equity indices. A heightened state of speculative fervour that former Federal Reserve Chairman Alan Greenspan termed "irrational exuberance" has been present in the market, but the role of the regulators poses a huge question mark.

In the laissez-faire system, the stock market is perhaps one of the few areas where market principles do not work as prudently as described in textbooks. As the renowned stock investor Warren Buffet famously observed: "Had the market been efficient, I would have been a bum in the street with a bowl in my hand!"

How the unchecked financial greed led to the collapse of the global financial system that was eventually transmitted to the real economy in 2008-09 is not a distant memory. The regulators' role has been less than adequate in addressing issues like insider trading, moral hazard and the nexus between political leaders and business, *inter alia*, who are believed to have manipulated the market.

The next critical issue is the unrelenting rise of commodity prices. The concerned ministries and the central bank of Bangladesh have placed high priority on agricultural growth. In pursuing the goal, they are fairly successful. But the prices of staple and some other agricultural commodities are rising in the midst of a bumper crop. What explains this puzzle?

One can search for answers in some anecdotes. There could be an underestimation of the country's

estimated population that perhaps misled the food production target. But what is less discussed is the degree of monetisation of the economy, which has been on the rise due to the phenomenal rise in remittances, and the steady growth of the industrial sector, led by apparel, in the past decade. This is a sign of progress.

But there is a mismatch in income distribution that is making a large number of consumers (notably, urban low-wage earners and the fixed income group) worse off in terms of their purchasing power. At the same

credited for adding a few hundred mega watts of electricity to the national grid, it has failed to recognise the difference between the perceived and implied demands for energy. The power sector is projecting (and producing) electricity based on the prevailing demand, but one must foresee the implicit demand in the economy where many industries and buildings are not built and household appliances are not bought due to the chronic shortage of power. As a result, unless the government revises the energy supply target upward recognising the implied demand, the crisis

phenomenon. The irrational exuberance in the stock market, for instance, is heightened by the negative real interest rate in the economy owing to falling interest rates on savings and high inflation. Money is becoming more and more debased. The problem lies in the growing mismatch between savings and investment in the economy.

Policymakers have also paid less attention to global and regional changes. China, which has been known to be a low-cost and low-end manufacturer for decades, has shifted its stance in recent years by transforming the economic structure vertical focusing on high-end manufacturing and services. This is largely because of the growing labour shortages in its coastal areas.

Such a shift has led to hollowing out much low-end manufacturing from China and investors have been seriously considering Bangladesh, among other countries, as an alternate location for some of their plants. Bangladesh should have seized the opportunity entirely.

If economics is a function of politics, then the election results in the recent municipal polls are perhaps the outcome of the less-than-expected economic performance of the government. A relevant lesson for the incumbent is that politics in South Asia has already recognised that the delivery of economic output is the key to defeating the anti-incumbency factor in the elections. In the 2009 elections the Congress party of India, and more recently, the chief minister of Bihar beat the anti-incumbency by taking economic development as a core agenda.

To sum up, the economic management of the incumbent in the past two years has been rather poor. It seems that the Awami League government prioritised its political agendas rather than the economic ones. It is time for the government to reverse the course by bringing the economic plan to the fore and making the necessary changes in its economic management and regulatory team.

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time, the size of the middle class has enlarged and the extreme poor's entitlement to food has increased, which is reflected in the decline in abject poverty.

Farmers get subsidised inputs and have access to easy credit but their produce needs to be marked up 8 to 10% of annual inflation to keep their real income growth unhurt.

That said, there are fundamental issues, such as poor infrastructure and distortions in the economy (licensing, consortium, tariff rates, etc.), that made goods and services expensive. Economists measure the distance between two places based on economic and not Euclidean distance (which is the ordinary distance between two points).

The distance between Dhaka and Gazipur, for instance, is merely 26 kilometres. It should take less than an hour to commute between these two places but the travel time is on average two hours. Higher economic distance fuels inflation. Apart from limiting the power of middlemen in the commodity businesses, it is the government's responsibility to cut down transport costs by providing adequate infrastructure.

Then there is a crisis of power and gas. While the government should be

is likely to persist.

The policy-makers have failed to foresee some key changes both at home and abroad. A favourable demographic change has been a key driving force behind the strong demand in the economy. The working age group has become increasingly dominant in the age structure of Bangladesh's population. The country's dependency ratio has declined, from 92 in 1975 to 53 in 2010. More people in the working age group and a lower dependency ratio mean higher savings and investable surplus.

It is no accident that Bangladesh's gross domestic savings is now over 36% of its GDP. The higher working age population and soaring savings partly, if not largely, explain why so much money is chasing too few shares in the stock market and why thousands of youth are considering equity trading as a profession. The job creation rate in the economy is falling behind the growth of the working age population. The lower absorption rate of Bangladeshi workers in the overseas labour markets of late has exacerbated the problem.

The disequilibrium in the different sectors of the economy can be explained by the "search for yield"

Cricket to elevate our image

SALAHUDDIN AHMED

INDIA, Sri Lanka and Bangladesh are co-hosting one of the biggest spectacles of the world -- ICC Cricket World Cup, 2011. There is indeed a thrilling atmosphere in these three countries, but it is enormous in Bangladesh because this is the first time we are going to host such a mega event.

The question is, what we can get from this event? Is this just like a sporting event that should be organised with perfection only, or should we try to capitalise on it to add a dimension in our country that would help us place ourselves in far better position?

Undeniably, such a mega event like world cup cricket can make a significant impact on the local economy and can also have a positive effect on society. We simply cannot let this moment go away; this is the moment through which we can exalt our overall image and can surely elevate our economy.

A successful organisation of this world cup would mean a lot, and would give Bangladesh a positive image. Enhancing the name value of the region should be a major incentive for countries hosting either World Cup games or training camps.

Through this world cup we will be able to reroute global tourist flows and establish new places as tourist destinations. Our goal should be to show the potentialities of our countries to those who will be in Bangladesh to watch the world cup matches.

There will be many investors here from around the globe during this event, and if we can represent our country positively, they will be more than happy to come back with their business.

We must see this world cup cricket as a worthwhile endeavour for corporate sponsors and media companies, or the local organisers and the economies of the venue cities. It will be a time when Bangladeshi TV channels can show their potentialities to be awarded the rights in future to telecast some cricket events exclusively.

Bangladesh has got a huge opportunity to get closer to millions of people through which the image of our country will be elevated.

Representatives from giant companies like Adidas, Nike, Pepsi, Coca-Cola, Emirates, and so on will be here during the world cup, and the successful completion of this event will help them to understand the potentialities of Bangladesh market; these companies could sponsor Bangladesh cricket officially in future, which would impact Bangladesh economy in a very constructive way.

A successful completion of this event will have greater upbeat effects on revenue generation, infrastructure, and long-term effects on tourism and economic activity through media spotlight and return visits.

Through this event, Bangladesh must aim at long-term beneficial effect, along with direct expenditure which this event will definitely incur. This will occur through both return visit by the spectators and, more importantly, through the increased investment and tourism activity that

such events bring.

Studies on the propensity of visitors to major events to return to the host region have shown a pragmatic, if not staggering, effect. The event will have positive effect not only in the economic area but on society as well.



One famous sociologist defined mega-events as "large scale cultural events of mass popular appeal and international importance which are typically stage managed by a combination of national governmental and international nongovernmental actors."

Sher-e-Bangla Cricket Stadium could be the centre piece of not only cricketing events, but of other international events, since it has been renovated with lots of facilities that could attract many people to use it for many international events.

Bangladesh could establish an internet site to market the host region for this spectacle. This internet site could represent Bangladesh in various ways and show the potentialities of this country. Such a site, especially

at this moment, will increase the momentum of our country. The whole world will be looking at Bangladesh and we have got to make sure to utilise every bit of it.

Mega-events such as World Cup Cricket should be utilised to convey

particular worldviews of the present and memories of the past. This world cup will divulge the close relationship between mega-events and the globalisation process: they are concurrently driven by globalisation, and promote globalisation.

This spectacle has such promising aspects through which our economy can be accelerated to a greater magnitude. Organising such event means having the capability to do something differently. There will be people watching this spectacle from all around the globe. Bangladesh has got a huge opportunity to get closer to millions of people through which the image of our country will be elevated.

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THIS DAY IN HISTORY

February 19

1674

England and the Netherlands sign the Treaty of Westminster, ending the Third Anglo-Dutch War.

1878

Thomas Edison patents the phonograph.

1945

World War II: Battle of Iwo Jima about 30,000 United States Marines land on the island of Iwo Jima.

1949

Ezra Pound is awarded the first Bollingen Prize in poetry by the Bollingen Foundation and Yale University.

Births

1473

Nicolaus Copernicus, mathematician and astronomer.

Deaths

1951

André Gide, French writer, Nobel laureate (b. 1869)